THE DISTRICT MUNICIPALITY OF MUSKOKA

2021 Draft Rate Supported Operating Budget and 2021 Draft Capital Budget and Forecast

Joint meeting of the
Engineering and Public Works Committee (PW-11-2020) and
Finance and Corporate Services Committee (FCS-9-2020)
November 18, 2020

2021 Draft Rate Supported Budget

WATER AND WASTEWATER

Water/Clean Water Department Objectives

- SCADA/PLC staffing (posted and will be filled by 2021)
- MV/GP Project – 2021 remaining contracts to be awarded
- Development review streamlining (re: servicing)
- Muskoka Master Servicing Study (to be awarded for 2021 start)
- Green House Gas Inventory to support grant funding for green energy projects (Phase 1 community working group to be established to develop strategies)
- Quality Management System – Clean Water Plant Compliance
- Biosolids disposal including septage sludge under review

Long Term Cost Reduction Strategies

- Biosolids/sludge disposal – composting or conversion to energy feasibility
- Lagoon closure and septage receiving at Clean Water Plants
- Closure of the Mountview Wastewater Treatment Plant (WWTP) and the expansion of the Golden Pheasant WWTP in Huntsville will result in reduced operating costs
- Renewable energy sources to provide green energy
- Continue to strive towards a Net Zero facility

2021 Draft Water and Wastewater Budget at a Glance

Category	Budget
User Fees and Urban Service Area Charges increase for 2021	1.5%
Capital Budget for 2021	$35.5 million
10-Year Capital Forecast	$112.6 million
Contributions to Reserves in 2021	$8.9 million
10-Year Contribution to Reserves	$115 million

Fiscal Impacts at a Glance

Category	Budget
Increase in Forecast Reserves after 10 years	$52.2 million
External Debt Repayment in 2021	$10.4 million
External Debt Reduction Forecasted over 10 years (principal)	($31.9) million
Internal Debt Repayment in 2021	$1.0 million
Internal Debt Forecasted over 10 years (principal)	$41.4 million

2021 Net Levy by Account Category

Account Category	2021 Net Levy Increase/ (Decrease)	Category Yr-over-Yr Change %	Net Levy Impact
Total Expenditures	$658,175	2.3%	5.3%
Total Revenue Sources	($358,924)	(2.1%)	(2.9%)
Net Levy Impact	$299,251		2.4%
Assessment Growth	(63,110)		0.5%
Net Levy Impact After Growth	$236,141		1.9%

1% levy = $124k

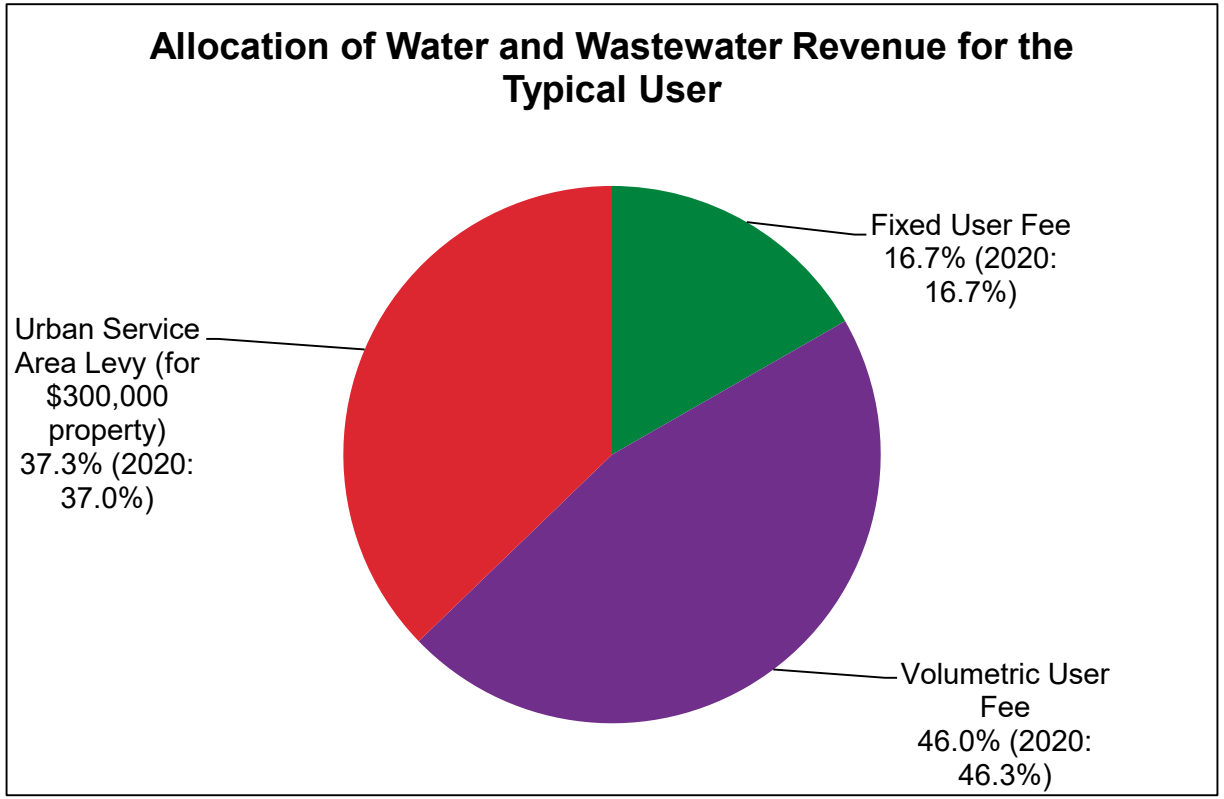
Net Levy **below** levy guideline of 3.9%

Rate and Property Tax Impact

Monthly Impact on Typical Residential Household, as revised
(20 cubic metres per month and house assessed at $300,000)

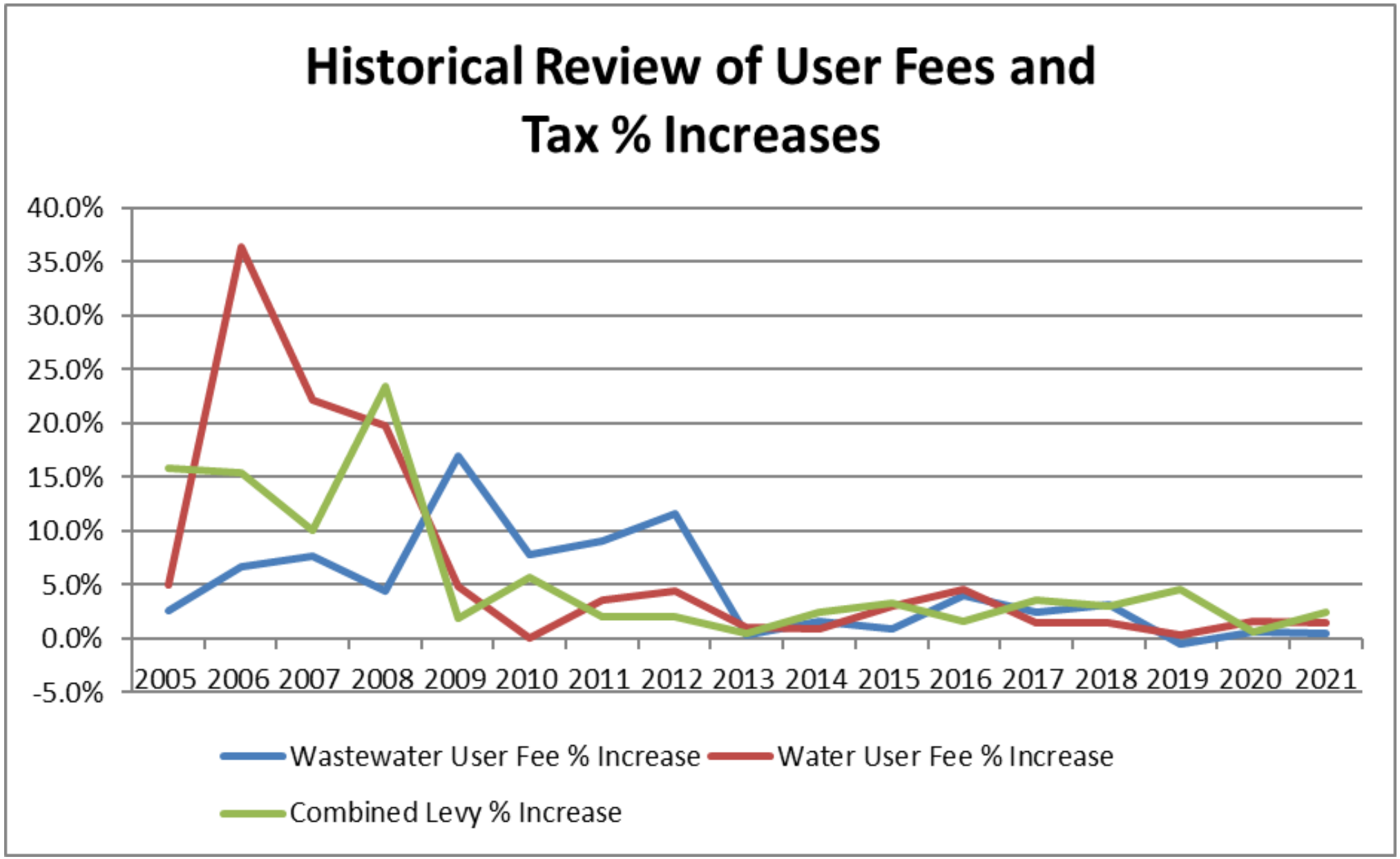
Combined Water and Wastewater Services	2020	2021	Year-over-Year Increase %	Year-over-Year Increase $
User Fee	$119.28	$120.37	0.9%	$1.09
Urban Service Area Charge	$70.02	$71.72	2.4%	$1.70
Total	**$189.30**	**$192.09**	**1.5%**	**$2.79**

Reference: FCS-9-2020-1 - Water and Wastewater Treasurer's Report, page 20



Fixed User Fee:	$ 0.38
Volumetric User Fee:	0.72
Urban Service Area Levy:	1.70
Total Monthly Increase:	**$ 2.79**

Historical Review of User Fees and Tax % Increases

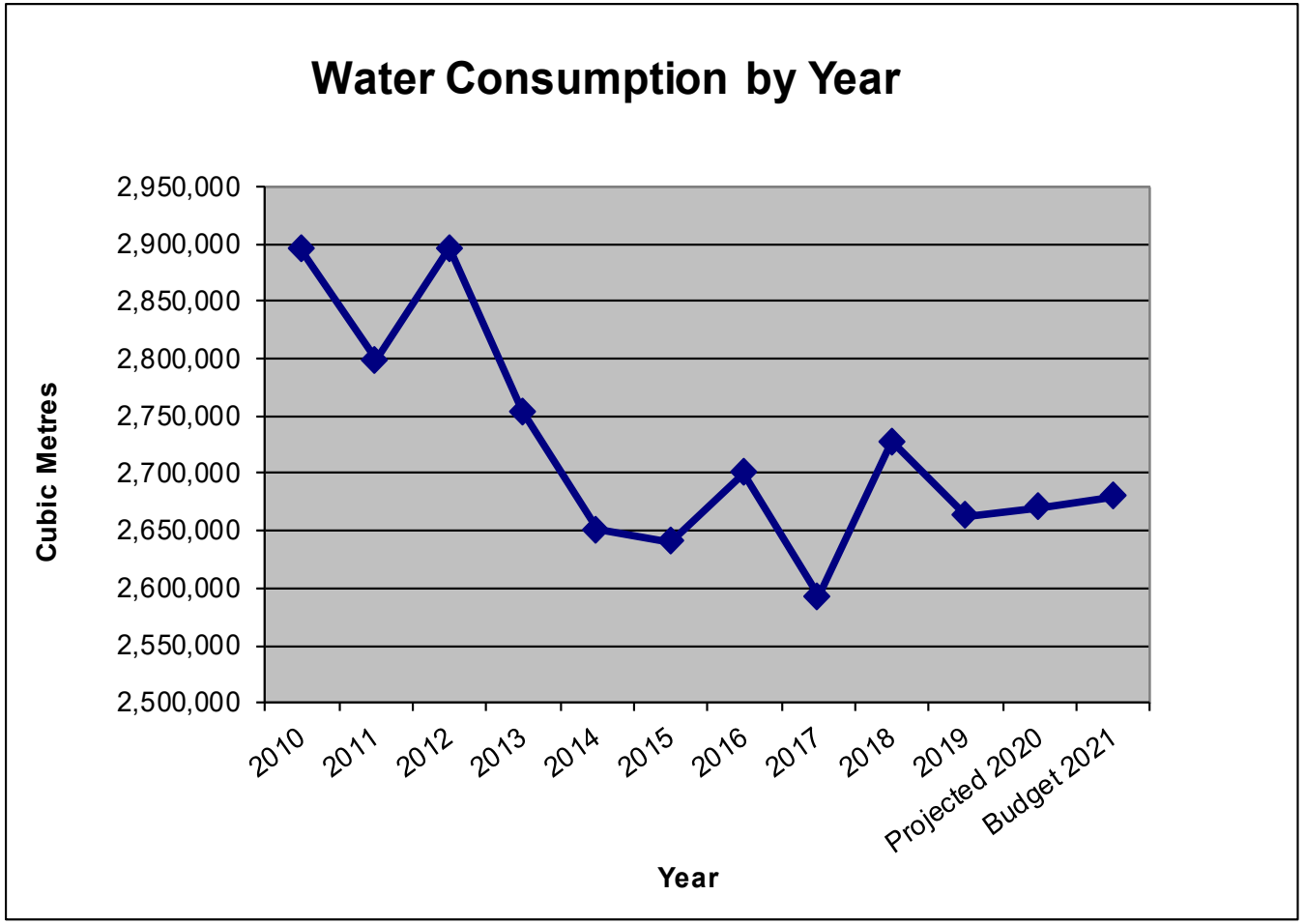


How Do We Compare?

	2019 Est. Avg. Household Income Ranking	2019 Est. Avg. Household Income	2019 Residential Water/ Wastewater Costs 200 m3	2019 Water/ Wastewater as a % of Household Income	2019 Water/ Wastewater Burden Ranking
Gravenhurst	Low	$87,516	$1,241	1.4%	High
Huntsville	Mid	$98,583	$1,241	1.3%	High
Bracebridge	Mid	$96,098	$1,241	1.3%	High
Average		$105,849	$1,100	1.1%	
Median		$99,645	$1,061	1.1%	
Minimum			$522		
Maximum			$2,030		
District if USA Levy Included			**$2,218**		

Water Consumption

- General decline in consumption levels between 2010 and 2017
- Exceptions being 2012,2016 and 2018 which were dry summers
- 2020 consumption is targeted to come slightly over the 2.67 million cubic metre budget
- 2021 consumption target has been increased to 2.68 million cubic metres



Reference: FCS-9-2020-1 Water and Wastewater Treasurer's Report, page 3

Significant Budget Drivers

- Personnel = $109,517
- Employee Related Expenses = $22,201
- Materials and Supplies = $43,448
- Purchased Services = ($4,720)
- Finance Charges/Reserves increases = $376,013
- Net Internal Service Charges = $111,716

Service Level Changes

Request	Committee Report	Start Date	2021 FTE Impact	Operations Expenditure Impact $	Capital Expenditure Impact $	Annualized Impact $
Addition of one Program Communications Specialist - Portion charged to W&WW is 20%	PW-5-2020-8	01-Feb-21	1.00	$15,060	$0	$16,429

2021 Water and Clean Water Capital

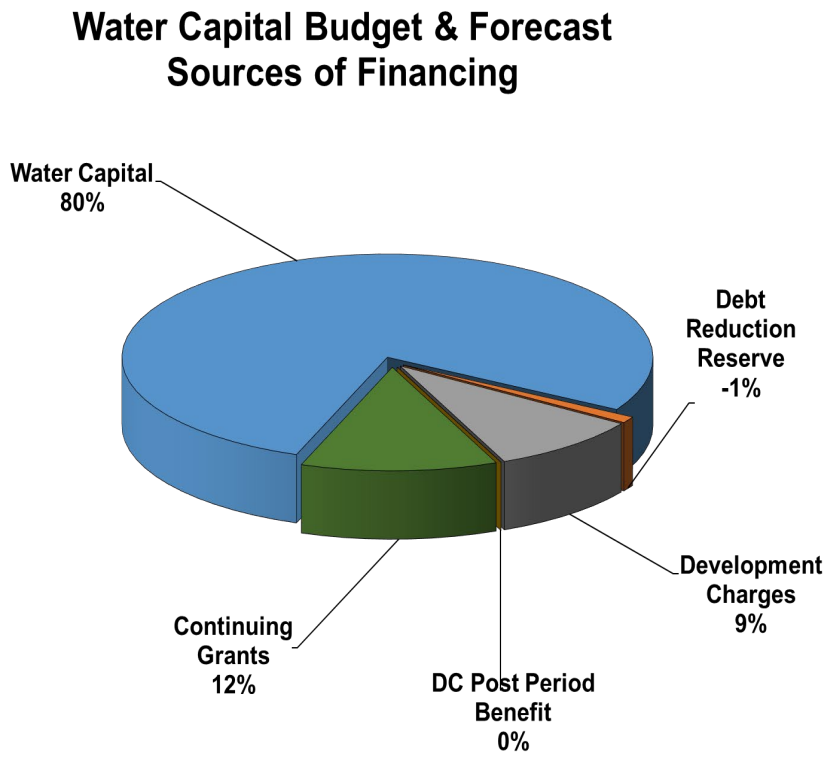
Water Capital - $8.0M

- Water distribution replacement/upgrade/ rehabilitation $4.3M
- Treatment Plants/Reservoirs rehabilitation $0.88M
- SCADA $625K
- Repairs and Maintenance $700K
- Current Projects in progress $26.1M

Clean Water Capital - $27.5M

- Pumping Stations $950K
- Sanitary collection system replacement/upgrade/ rehabilitation $3.1M
- Treatment Plants Rehabilitation $1.8M
- Mountview/Golden Pheasant $19.8M
- SCADA $460K Repairs and Maintenance $622K
- Current Projects in Progress $58M

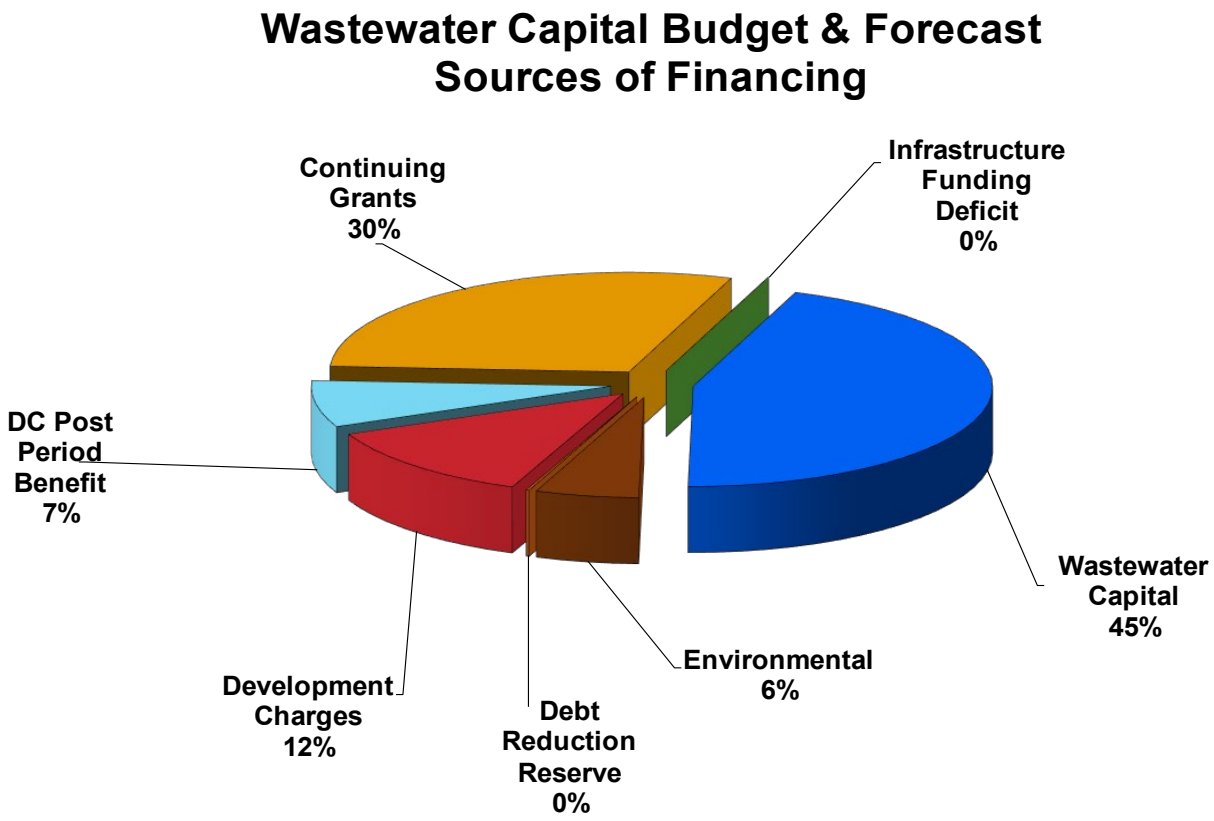
2021-2030 Capital Financing - Water



Reference: FCS-9-2020-1 - Water and Wastewater Treasurer's Report, page 21

- Total 10-year Draft Capital Budget and Forecast (from 2021 to 2030) for water services is projecting $44.9 million in gross expenditures (2020 Forecast - $49.7 million)
- The largest source of funding continues to be from the internal reserve funds
  - $35.2M Water
- Continuing grants include Federal Gas Tax of $4.5 million (2020 - $6.6) and Ontario Community Infrastructure Funding of $0.9 million
- Development Charges Revenue:
  - $4.2 million (2020 - $2.4)
- No shortfalls in development charges revenue assumed in the 10-year forecast

2021-2030 Capital Financing - Wastewater



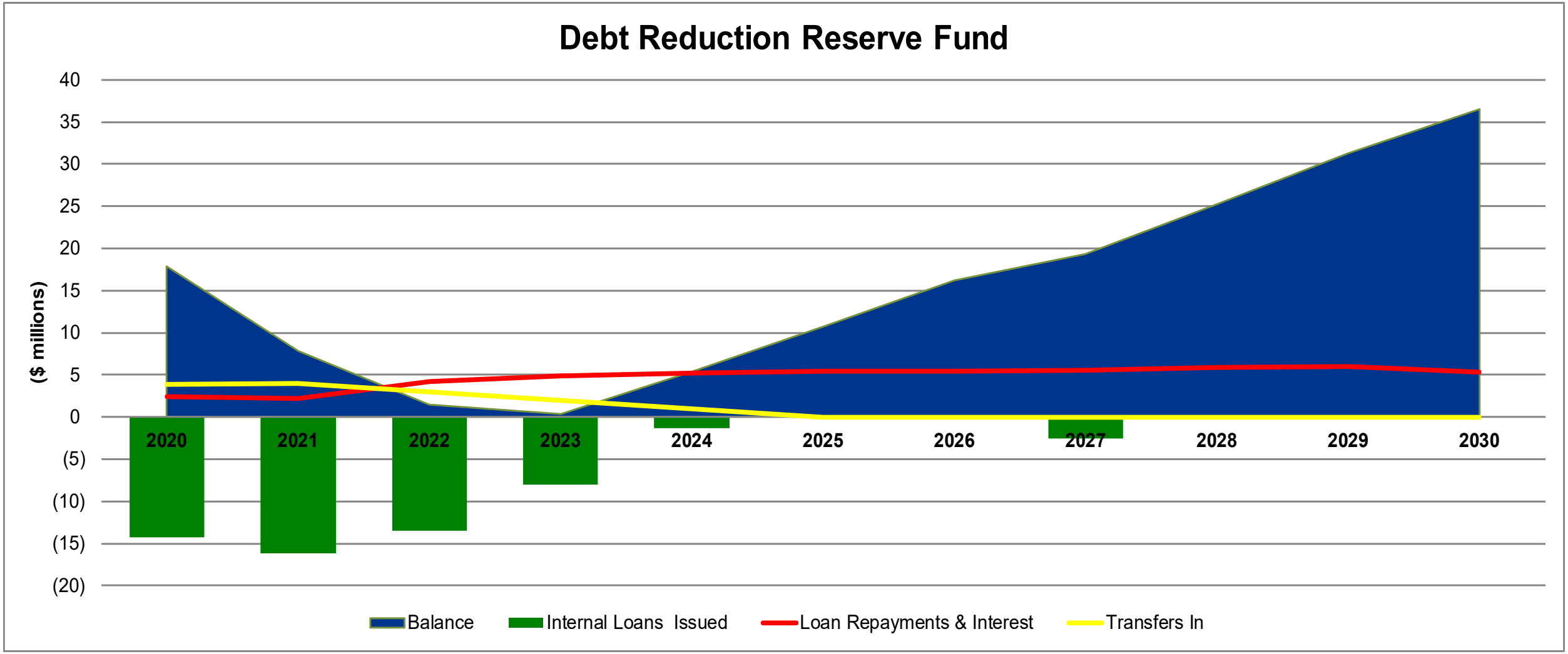
- Total 10-year Forecast is projecting $67.7M
- Mountview and Golden Pheasant represent $19.7M of total (total project cost of $51.4M)
- Internal reserve funds are financing:
  - $30.3M Wastewater capital
  - $3.7M Environmental reserves
- Federal Gas Tax is projected to be $13.5M
- The Ontario Community Infrastructure Funding is projected to be $6.5M
- Development Charges fund $13.4M ($1.5M in 2020)

Reference: FCS-9-2020-1 - Water and Wastewater Treasurer's Report, page 25

Reserves and Reserve Funds

- Water Reserve Contribution = $4.3M up 5%
- Wastewater Reserve Contribution = $4.6M up 6%
  - Following AMP guideline
- 2021-2030 Contributions = $115.0M
- Forecasted 2030 Balance = $64.6M
- Major plant renewals in 11 to 20 year forecast:
  Water $70.9M; Wastewater $65.0M

Debt Reduction Reserve Fund



Ontario Regulation 284/09

- The 2021 Draft Water and Wastewater Budget has been prepared excluding:
  - Amortization: Estimated at $5.3 million and $9.1 million for Water and Wastewater, respectively; and
  - Post-employment benefits: nominal
- With Full Accrual Budgeting:
  - Water has a net deficit of $42k; and
  - Wastewater has a net surplus of $8.0M
  - Wastewater Grants and DC's earned total $5.5M and $4.7M
- Conclusion: contributions to reserves are not sufficient to replace assets at historical values, but are increasing each year

QUESTIONS?

Recommendation

THAT the 2021 Report on Excluded Expenses – Ontario Regulation 284/09 regarding expenses excluded from the 2021 Draft Water and Wastewater Operating Budget and Capital Budget and Forecast, as included in Report FCS-9-2020-1, **be approved**;

Recommendation

AND THAT the 2021 Draft Water and Wastewater Operating Budget and Capital Budget and Forecast, as presented in Report FCS-9-2020-1, **be adopted**;

AND THAT the 2021 rate structure for water and wastewater services and miscellaneous charges, as included in Report FCS-9-2020-1, **be adopted and become effective January 1, 2021**.

2021 Draft Rate Supported Budget

SOLID WASTE MANAGEMENT

Solid Waste Management Objectives

Stronger team, stronger system –

- collection – bin site transition, collection contract management
- recycling processing – procurement, preparation for District transfer operations
- disposal – Cell 3 development
- compliance – environmental conditions at closed and historic landfill properties, capital projections
- advocate – provincial policy changes (Blue Box, etc.)

On the Horizon

Prepare for provincial changes –

- transition of Blue Box program
- review of bag limits, other “tools” such as clear bags
- secure the waste by-law – consideration for mandatory diversion
- focus on food and organics waste, expand the green bin program
- recycling contamination
- greater enforcement – illegal dumping, contractual obligations, participating in diversion programs

Blue Box Transition

- current program funds only 43% of the program costs
- under new legislation, costs will be borne by the producers
- Draft Blue Box Regulation was recently posted for comment – District proposed to transition in 2024
- full impacts will come after 2026 post-transition
- DMM has the opportunity to opt out or assist with service provision and use of existing assets
- for future discussion – additional service provided by the District to BIA areas, commercial businesses, enhanced level of collection service
- producer responsibility projected to have a favourable impact to the RS budget

2021 Draft Solid Waste Budget at a Glance

Category	Budget
Average Net Levy Increase	11.7%
Capital Budget for 2021	$8.2 million
10-Year Capital Forecast	$30.4 million
Contributions to Reserves in 2021	$3.1 million
10-Year Contribution to Reserves	$33.8 million

Opportunities for Savings

- protect disposal capacity – garbage limits, compaction, diversion
- management of leachate and cell design
- focus on reducing waste generation, diversion of food and organic waste
- transfer of recycling to a more efficient/modern processor
- reducing illegal dumping through by-law enforcement
- new markets and contracts for divertible materials

Challenges

- on-going curbside collection contract issues
- contamination in Blue Box recycling at unsupervised sites/curbside
- illegal dumping
- environmental and compliance issues at closed/historic landfills

2021 Net Levy by Account Category

Account Category	2021 Net Levy Increase	Department Yr-over-Yr Change %	Net Levy Impact
Total Expenditures	$1,494,881	8.5%	12.5%
Total Revenue Sources	($91,556)	1.7%	-0.8%
Net Levy Impact	$1,403,325		11.7%
Assessment Growth	(98,170)		-0.8%
Net Levy Impact After Growth	$1,305,155		10.9%

1% levy = $ 120k

Net Levy **above** levy guideline of 5.2%

Budget Drivers - Expenditures

- **Personnel = $766,070**
- **Materials and Supplies = $89,942**
- **Purchased Services = $419,766**
  - Subcontractor cost increase = $107k
  - Site attendant cost increase = $262k
  - Pilot internal attendant staff = ($232k)
  - Recycling processing fees increase = $289k
  - Recycling tipping fee increase = $161k
  - New service delivery model for Recycle Contracted Service decrease = ($332k)
  - Curbside Pickup increase = $85k
  - Leachate Haulage increase = $47k
  - HHW operating hour decrease = ($71k)
  - Lakeside Collection program = $53k

Budget Drivers - Expenditures

- **Reserves increase = $60,616**
- **Fleet increase = $49,365**
- **Support Services increase = $98,463**
  - Leachate processing increase = $55K
  - Financial Services increase = $41K
  - Other miscellaneous increase = $3k
- **Other Miscellaneous increase = $10,659**

Budget Drivers – Revenues

- **Revenue increase = $91,550**
  - Resource Productivity and Recovery Authority (RPRA) Grant decrease = ($2.6k)
  - Contaminated recycling increase fees = $161k

    (offset by increased expenditures)
  - Contaminated recycling decrease fees with new service delivery model for Recycle Contracted Service = ($223k)

    (offset by decreased expenditures)
  - Landfill Tipping Fee increase = $111k
  - Wood Chipping Fees increase = $45k
  - Scrap metal increase = $22k
  - Recycling Rebate decrease = ($80k)

User Fee Changes

- Tipping Fees increase 2.0%
  - from $197 to $201 per tonne = $111k

- Wood Chipping increase 2%
  - increase rate from $99 to $101 = $45k (includes higher volume and rate increase)

Solid Waste By-Law 2019-51

Staff is proposing that by-law 2019-51 be amended to:

- Include clauses pertaining to extreme weather events
  - The Commissioner and Chief Administrative Officer to have delegated authority to waive fees for residents for large volumes of waste or chippable wood/brush resulting from an extreme weather event to a maximum of $10,000 and for a period of 1 month following the conclusion of the event or emergency declaration, if applicable
  - Provide a report to District Council regarding the fees waived, if applicable
- Further define “mix loads” and “recyclables”
- Update Schedule “A” – Solid Waste Disposal Rate Structure

Service Level Changes

Title	Description	FTE	Total Net Cost	% of Levy	Page Ref
Landfill Yard Vehicle	New site utility vehicle at Rosewarne to support landfill operations as cell development continues and to mitigate health and safety concerns raised by staff.	-	37,900	0.32%	64-65

Service Level Changes

Title	Description	FTE	Total Net Cost	% of Levy	Page Ref
Operations Manager Vehicle	As a result of restructuring, the solid waste manager at Rosewarne requires an addition of a truck to facilitate management of all outside staff and compliance at the transfer stations, depots, closed and current landfills.	-	60,570	0.51%	66-67

Service Level Changes

Title	Description	FTE	Total Net Cost	% of Levy	Page Ref
Diversion Building	Projected net operating savings associated with building a District Diversion Building. Savings from current contractor total $1,127,767, but are mostly offset with anticipated transfer, haulage and processing costs to be determined through a procurement process in early 2021. Annual savings in the form of landfill capacity are also anticipated with redirecting recycling residuals from Rosewarne West to an alternate landfill.	0.5	(38,266)	(0.32%)	68-69

Service Level Changes

Title	Description	FTE	Total Net Cost	% of Levy	Page Ref
Site Security Pilot by Staff	Further to Report PW-9-2020-3, staff are proposing to manage scale house operations at three (3) facilities including the Rosewarne and Beiers Transfer Stations and the Rosewarne Landfill. The net cost reflects the addition of 7 to 8 attendants and some additional site hours to facilitate operations at the sites and will vary based on the season. These costs are partially offset by the anticipated reduction in fees paid to the current contractor, Maxama.	5.15	65,039	0.54%	70-71

Service Level Changes

Title	Description	FTE	Total Net Cost	% of Levy	Page Ref
Lakeside Collection	In 2020, bin sites were removed from Foot's Bay/Hamills Point (Lake Joseph), Windermere (Lake Rosseau), and Beaumaris (Lake Muskoka) as part of the bin site transition. In order to provide waste collection service to water access properties in these areas, the Lakeside Waste Collection pilot was initiated. This program is proposed to continue in 2021 as long-term solutions are being finalized.	-	55,206	0.46%	72-73

Service Level Changes

Title	Description	FTE	Total Net Cost	% of Levy	Page Ref
By-law Officer	By-law Officer would oversee enforcement of illegal dumping and address long-standing challenges at unsupervised and problematic waste collection sites. This position will be responsible for monitoring, addressing and following through with prosecution of these matters which can be time-consuming and has not been a priority to date. It is anticipated that the position will focus on solid waste over 2021 but will be utilized within EPW for by-law enforcement in the future.	0.83	95,133	0.79%	74-75

Service Level Changes

Title	Description	FTE	Total Net Cost	% of Levy	Page Ref
Seasonal Labourer - remote bins	Staff is proposing to continue the addition of four (4) seasonal labourers and two (2) vehicles to improve service at bin sites through the summer months. Over summer 2020, additional resources were allocated to monitor, track and efficiently clean-up dumping at the bin sites in response to concerns raised by the MECP and the Health Unit related to COVID-19.	1.53	92,813	0.78%	76-77

Service Level Changes

Title	Description	FTE	Total Net Cost	% of Levy	Page Ref
Program Commun-ications Specialist	It is proposed that in 2021, a non-unionized Program Communications Specialist join the EPW team to provide enhanced support and expertise in media and public relations, consultation and marketing/communication planning. This position is part of the greater strategy for corporate communications and Solid Waste is assigned a 40% share of cost of this position.	0.37	31,067	0.26%	78-79

Service Level Changes

Title	Description	FTE	Total Net Cost	% of Levy	Page Ref
Contract and Programs Admin-istrators (2)	Currently, one position co-ordinates, monitors and assists with the procurement of all SWM contracts including curbside collection, recycling processing, bin site waste collection and site diversion programs. Other duties include monitoring the MHSW program, administering the site attendant contract for eleven (11) District waste facilities, and policy review as programs are transitioned with provincial extended producer responsibility (EPR) changes.	1.83	123,241	1.03%	80-83

Service Level Changes

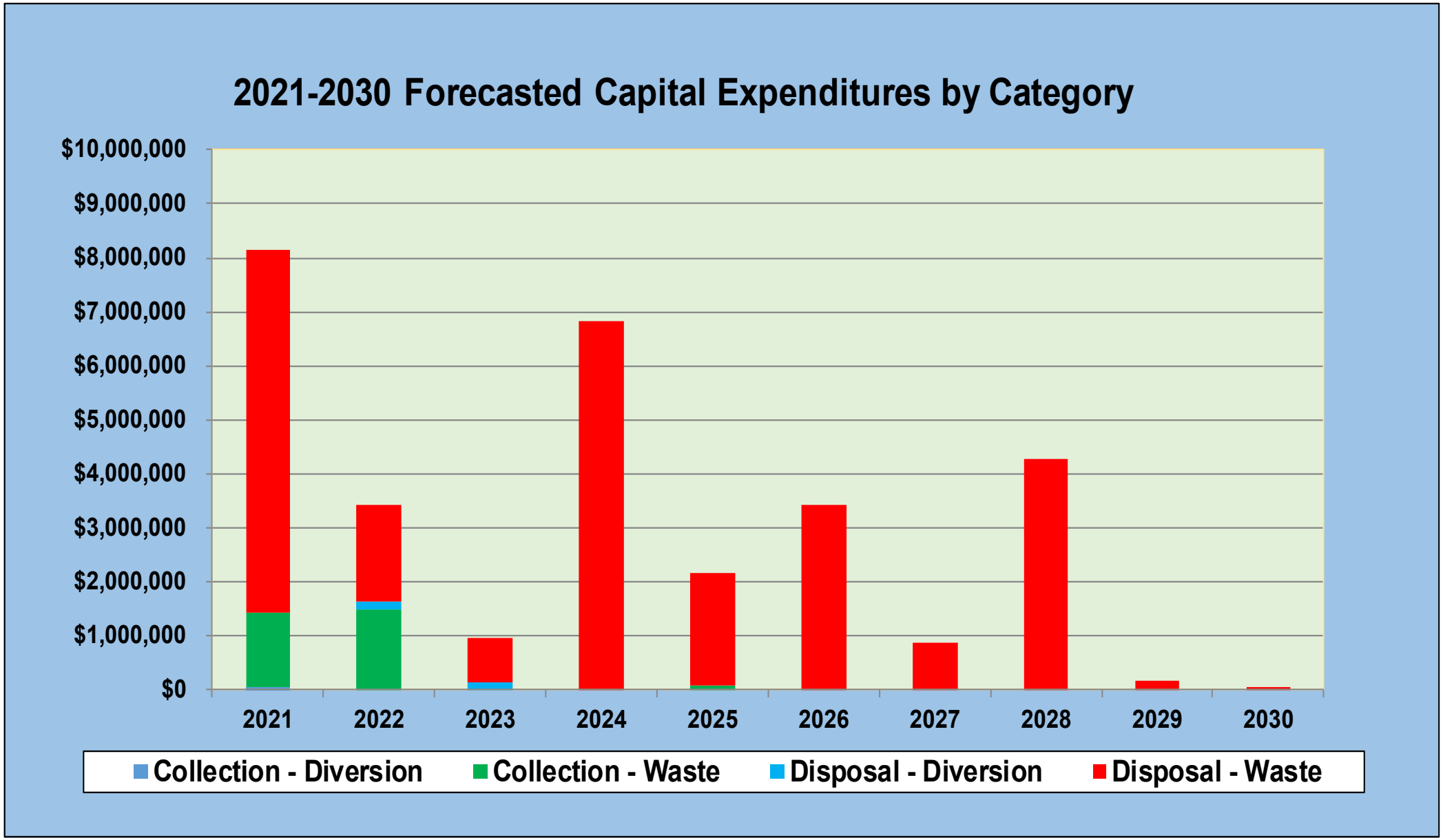
Title	Description	FTE	Total Net Cost	% of Levy	Page Ref
General Labourer	Due to the on-going pandemic and commitment to the MECP, to mitigate risk, an additional year-round General Labourer position is required that will be dedicated to south bin site operations with home base being Beiers Transfer Station. This position would be responsible to visit, report, and clean-up dumping at bin sites in the Townships of Georgian Bay and Muskoka Lakes and the Town of Gravenhurst, providing necessary coverage and monitoring from November through spring.	1.0	61,678	0.52%	84-85

Service Reduction Options	2021 FTE Impact	Net Levy Impact Increase $	Net Levy Impact %
Draft Levy as Proposed	**11.21**	**1,403,325**	**11.72%**
Defer drop-off organics collection at transfer stations		(55,035)	(0.46%)
Leasing vehicle for Operations Manager (savings on purchase)		(32,000)	(0.27%)
Remove purchase of trailers to reduce haulage for clean-ups at remote bin sites which continues the current system		(20,000)	(0.17%)
Reduction of annual advertising with focus on use of cost-saving methods such as social media		(10,000)	(0.08%)
Redirection of residents to existing drop-off collection with no advancement of the lakeside collection program		(55,206)	(0.46%)
Defer By-law Officer position until 2022	(0.83)	(95,133)	(0.79%)

Service Reduction Options	2021 FTE Impact	Net Levy Impact Increase $	Net Levy Impact %
Draft Levy as Proposed	**11.21**	**1,403,325**	**11.72%**
Defer one Contracts and Program Administration position until 2022	(1.00)	(67,314)	(0.56%)
Defer Program Communications Specialist until 2022	(0.37)	(31,067)	(0.26%)
Continue contracting site attendant services and postpone site attendant pilot	(5.15)	(65,039)	(0.54%)
Reduce bag limit to 2 from 3 (potential to increase diversion)		(66,540)	(0.56%)
Increase tip fees further by additional 2% (potential to increase diversion)		(62,533)	(0.52%)
Increase bagged garbage fees by $2/bag to $7/bag for amounts over 3 (potential to increase diversion)		(38,023)	(0.32%)
Impact of Service Reduction Options	**(7.35)**	**(597,890)**	**(5.00%)**
Draft Levy: if all proposals implemented	**3.86**	**805,435**	**6.73%**

2021 Draft Capital Budget and Forecast

- **2021 Capital Budget = $8.1 million**
  - Rosewarne Cell Development – Cell 3 ($3,335,000)
  - Rosewarne Final Cover and Gas Collection – two projects ($2,124,000)
  - Bin Transition – Alternative Drop-off Facilities ($750,000 in 2021 and $765,000 in 2022)
  - Port Carling Dump Decommissioning ($412,000)
  - Garbage and Recycling Compactors ($250,000)
  - Chaffey Area Landfill Site Remediation Phase II ($208,000)
  - Maintenance and Care of Area Closed Landfills ($156,000 in 2021 and $159,000 in 2022)



Reference: FCS-9-2020-2 Solid Waste Management Treasurer's Report, page 19

2020 Draft Budget Levy Distribution

Grouping	Curbside	Non-curbside	Disposal/Diversion
Total Cost	4,722,858	2,682,396	5,967,512
Allocation method	Serviced units	Direct cost plus overhead	Total units

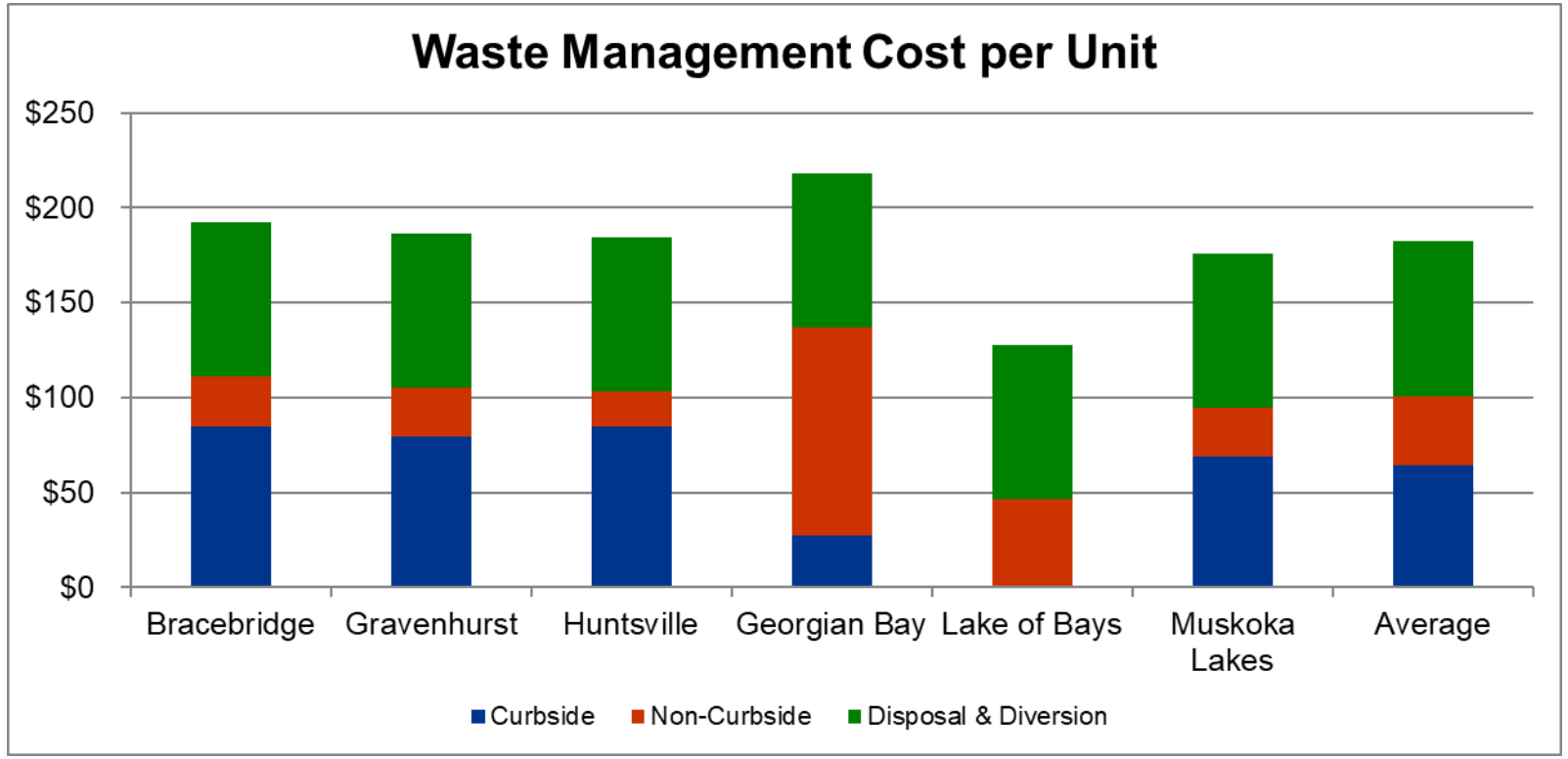
Municipality	Units #	Curbside $	Non-curbside $	All Units #	Disposal/ Diversion $	Total $	Cost per Unit $
Bracebridge	7,941	1,109,395	346,812	13,135	1,067,557	2,523,765	192.14
Gravenhurst	7,025	981,426	321,873	12,390	1,007,007	2,310,306	186.47
Huntsville	9,522	1,330,268	284,032	15,688	1,275,054	2,889,355	184.18
Georgian Bay	1,752	244,763	970,106	8,897	723,111	1,937,979	217.82
Lake of Bays	-	-	370,328	8,013	651,263	1,021,591	127.49
Muskoka Lakes	7,566	1,057,006	389,244	15,300	1,243,519	2,689,769	175.80
2021 Total	33,806	4,722,858	2,682,396	73,423	5,967,512	13,372,765	182.13
2020 Budget	33,806	4,559,518	2,157,554	73,423	5,252,368	11,969,440	163.02
Increase/ Decrease)	-	163,340	524,842	-	715,144	1,403,325	19.11

Reference: FCS-9-2020-2 – Solid Waste Treasurer's Report, page 22

2020 Versus 2021 Levy Distributions

Municipality	2020 Levy $	2020 Levy %	2021 Levy $	2021 Levy %	Increase/ (Decrease) from 2020 Levy $	Increase/ (Decrease) from 2020 Levy %
Bracebridge	2,277,355	19.0%	2,523,765	18.9%	246,409	10.8%
Gravenhurst	2,108,542	17.6%	2,310,306	17.3%	201,763	9.6%
Huntsville	2,613,588	21.8%	2,889,355	21.6%	275,767	10.6%
Georgian Bay	1,660,961	13.9%	1,937,979	14.5%	277,018	16.7%
Lake of Bays	890,478	7.4%	1,021,591	7.6%	131,113	14.7%
Muskoka Lakes	2,418,516	20.2%	2,689,769	20.1%	271,253	11.2%
Total	11,969,440	100.0%	13,372,765	100.0%	1,403,325	11.7%

Reference: FCS-9-2020-2 – Solid Waste Treasurer's Report, page 24


Waste Management Cost per Unit
$250
$200
$150
$100
$50
$0
Bracebridge
Gravenhurst
Huntsville
Georgian Bay
Lake of Bays
Muskoka Lakes
Average
Curbside
Non-Curbside
Disposal & Diversion

Impact to Property Assessed at $300,000

Municipality	2020 $	2021 Draft $	Annual $ Increase/ (Decrease)
Bracebridge	200.61	220.35	19.74
Gravenhurst	173.28	188.13	14.85
Huntsville	185.10	201.81	16.71
Georgian Bay	174.48	203.04	28.56
Lake of Bays	84.18	95.82	11.64
Muskoka Lakes	71.25	78.69	7.44

Reference: FCS-9-2020-2 – Solid Waste Treasurer's Report, page 24

Ontario Regulation 284/09

- The 2021 Draft Solid Waste Management Budget has been prepared excluding:
  - Amortization: estimated at $1.9 million
  - Future landfill closure and post closure costs not recognized: estimated at $3.0M
- Net deficit with Full Accrual Budgeting is ($140k)
- Contributions are sufficient
- Remediation costs for all of the closed landfills are being evaluated

QUESTIONS?

Recommendation

THAT the 2021 Report on Excluded Expenses – Ontario Regulation 284/09 regarding expenses excluded from the 2021 Draft Solid Waste Management Operating Budget and Capital Budget and Forecast, as included in Report FCS-9-2020-2, **be approved**;

Recommendation

AND THAT the 2021 Draft Solid Waste Management Operating Budget and Capital Budget and Forecast, as presented in Report FCS-9-2020-2, **be adopted**;

AND THAT the 2021 rate structure for solid waste management services and miscellaneous charges, as outlined in Report FCS-9-2020-2, **be adopted and become effective January 1, 2021**.